

**RCN  CAPITAL**  
**INVESTOR**  
**SENTIMENT**  
**SURVEY**

*SUMMER 2024*

*PRESENTED BY:*  
C J PATRICK COMPANY

**After collecting and analyzing over a year's worth of data** from the quarterly iterations of the *RCN Capital Investor Sentiment Survey*, conducted by market intelligence firm CJ Patrick Company, the release of the *Summer 2024 Investor Sentiment Survey* also marks the launch of the new *RCN Capital/CJ Patrick Company Investor Sentiment Index™ (ISI)*. The ISI compiles responses to four key questions from the *Investment Sentiment Survey* each quarter to track the pulse of real estate investors across the country and gauge their market outlook.

In this iteration of the ISI, real estate investor sentiment jumped by 16% from the previous quarter, indicating increased optimism in the industry. In fact, this iteration of the *Investor Sentiment Survey* noted the highest percentage of positive responses and the lowest percentage of negative responses since its inception.

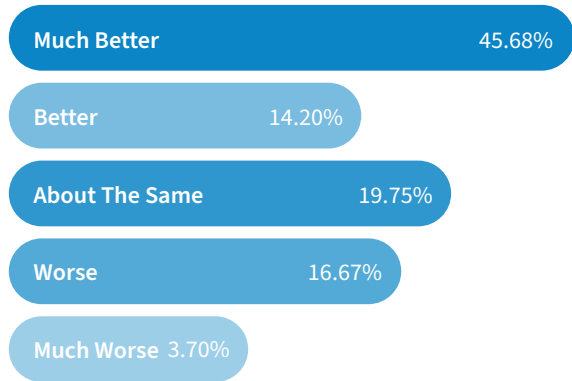
A recurring theme among investors is the growing concern regarding rising insurance costs or the unavailability of insurance in markets prone to frequent extreme weather events. With over 84% of investors surveyed noting rising insurance costs or the unavailability of insurance coverage as a factor in their decisions to buy and sell real estate and almost 68% noting that insurance issues had caused them to miss out on an investment opportunity, findings were significantly higher this time around than in the *Spring 2024 Investor Sentiment Survey*. Notably, respondents from California and Florida were the most affected, with 100% of California investors and 83% of Florida investors citing insurance issues as a consideration in their decision-making.

An additional question was added to the *Summer 2024 Investor Sentiment Survey* to gauge the prevalence of squatters as an issue for real estate investors. Surprisingly, 76% of respondents reported squatters as a problem in their market, with 53% noting they experienced problems with squatters first-hand. This issue seems to affect flippers more than rental property investors, and it will be interesting to monitor this problem over time.

The nuances in data collected from the *Investor Sentiment Survey* continue to provide valuable insights into the real estate investing industry. As we move into the second half of 2024, it will be interesting to see if investor optimism persists or if market factors might dim future outlooks.

## Q1

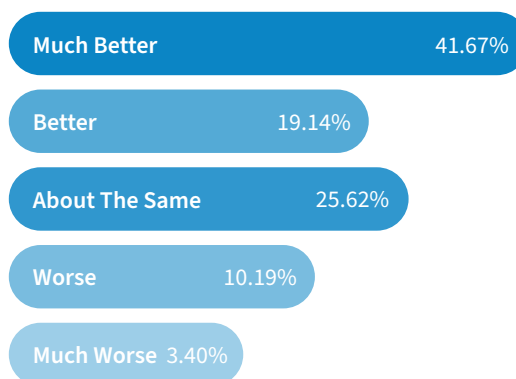
How does the environment for residential real estate investing compare to one year ago?



60% of respondents viewed conditions as better or much better than a year ago, while 20% felt they were worse or much worse. **Compared to the Spring 2024 Survey, investors' positive sentiments about the market continue to grow.**

## Q2

What's your outlook for residential real estate investing over the next 6 months compared to today?

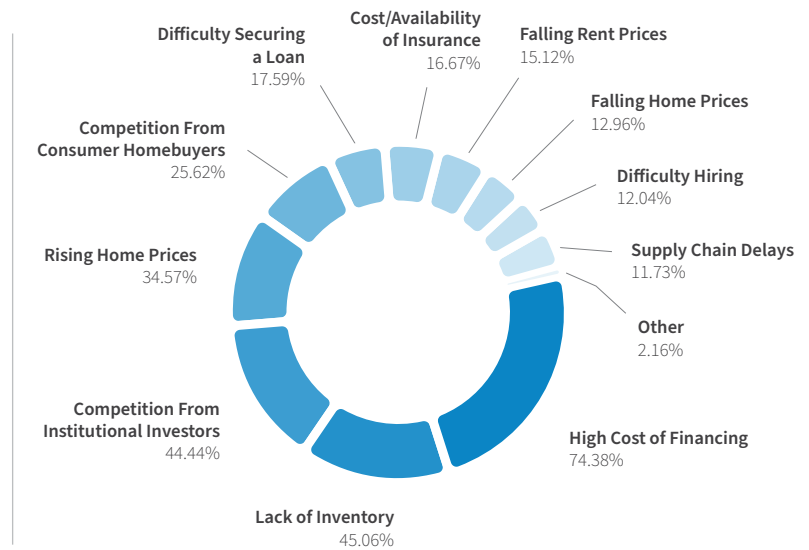


Investors' outlook for the next 6 months continues in a positive trend with 61% saying things would get better or much better and just 14% saying things would get worse or much worse.

These are the **lowest percentage of negative sentiments** and **highest percentage of positive sentiments** we have seen since we started conducting the Investor Sentiment Survey.

## Q3

What are the three biggest challenges facing your real estate investing business today?



**Financing** continues to hold the #1 slot for the biggest challenge cited by investors at 74% but **lack of inventory** moved to into second at 45%, ahead of **competition from institutions** (44%), **rising home prices** (35%), and **competition from consumers** (26%).



74% mentioned the **high cost of financing.**



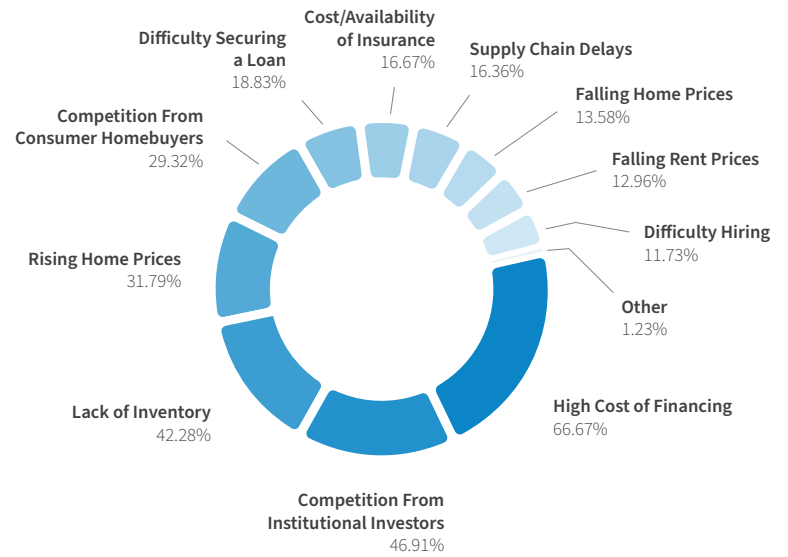
45% noted the **lack of inventory.**



44% cited **competition from institutional investors.**

## Q4

What do you anticipate will be the three biggest challenges facing your residential real estate investing business 6 months from now?



The results for Future Challenges were similar to what investors reported for Current Challenges, with **financing coming in as the #1 concern** at 67%. Although **competition from institutions** at 47% beat out **lack of inventory** at 42%, **rising home prices** (32%), and **competition from consumers** (29%) rounded out the list.



67% mentioned the **high cost of financing.**



47% cited **competition from institutional investors.**



42% noted the **lack of inventory.**

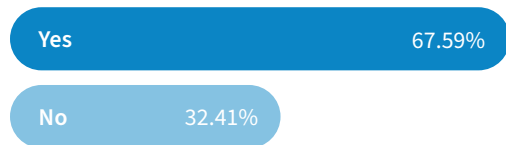
## Q5

Are rising insurance costs or the inability to insure properties becoming a factor in your decision to invest in real estate?



## Q6

Have rising insurance costs or the inability to insure properties caused you to miss out on an opportunity to buy or sell properties?

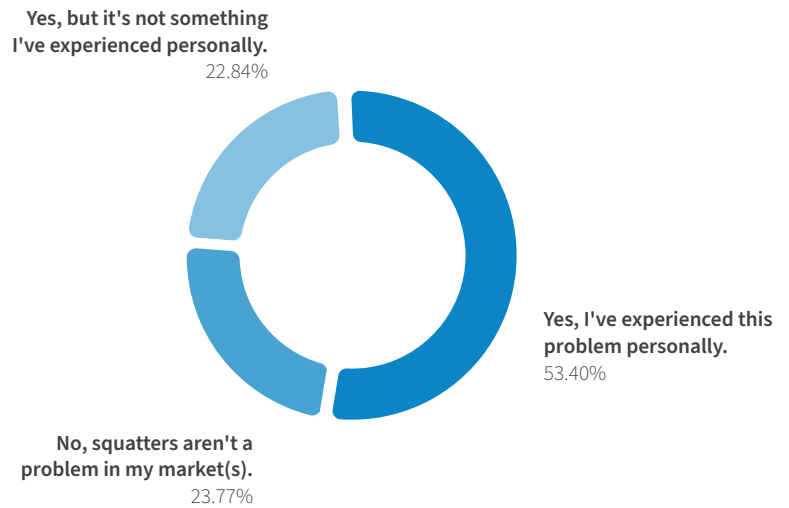


Although cost/availability of insurance ranked lower on the list of challenges facing investors today (just 17%) and six months from now (17%), **84% of investors reported that insurance was becoming a factor in their decision to invest in real estate.**

A more concerning stat, **68% of investors noted that insurance issues had caused them to miss out on a deal.**

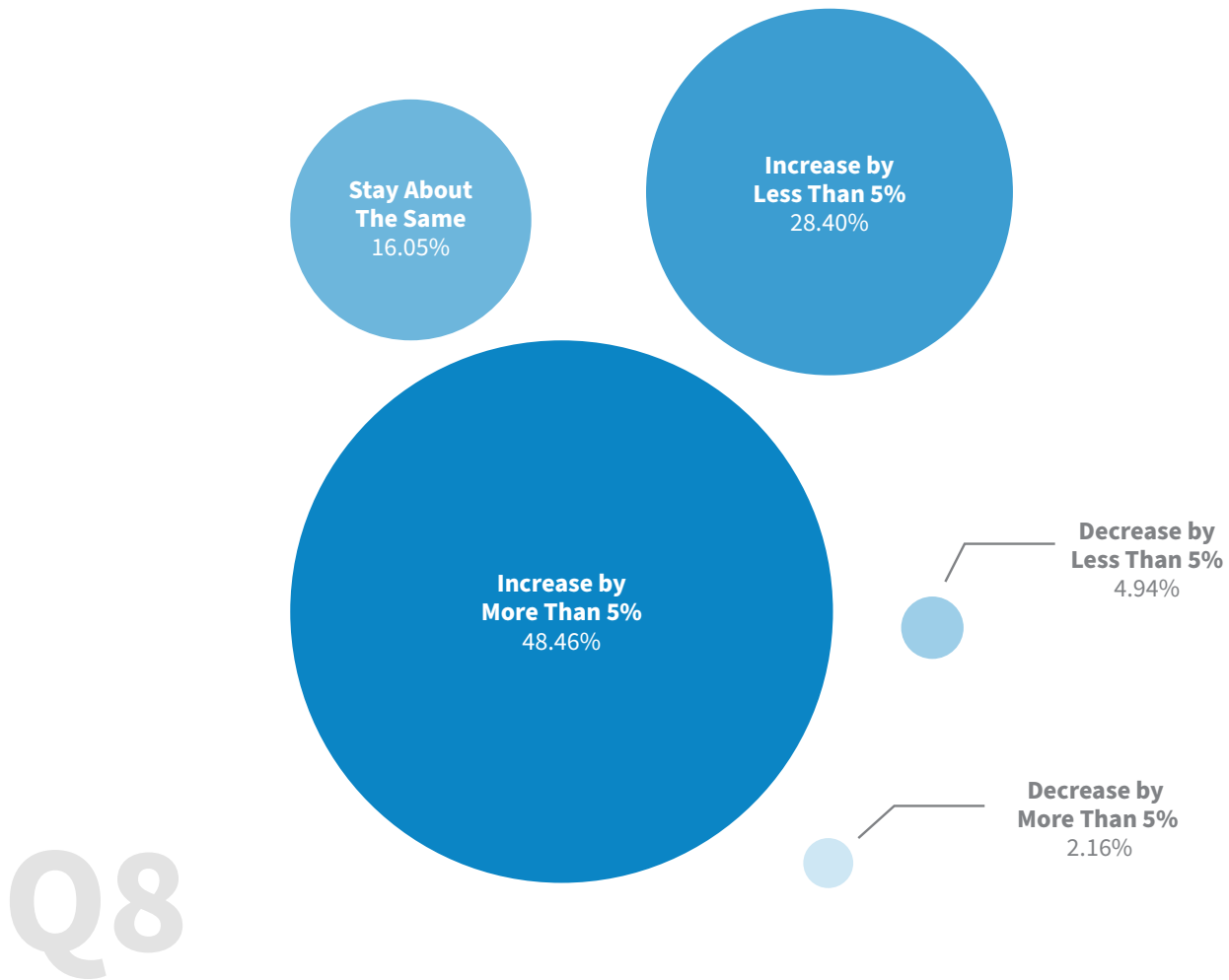
## Q7

Are "squatters" an issue in the markets where you invest in residential properties?



In this iteration of the Investor Sentiment Survey, a question was added addressing whether “squatters” were an issue in the markets where respondents currently invested. **Squatters were cited as a problem by 76% of respondents with 53% having experienced it personally.**





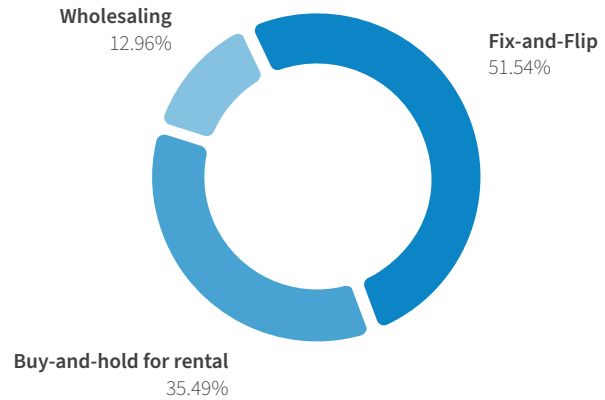
What do you expect home prices to do over the next 6 months?



**Respondents don't expect any real estate price cuts anytime soon** with more than  $\frac{3}{4}$  of respondents (77%) expecting home prices to rise over the next 6 months with only 7% expecting prices to fall.

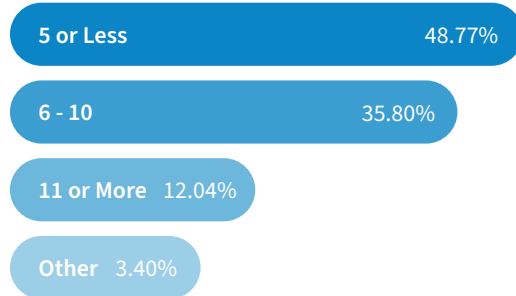
## Q9

What is your primary type of residential real estate investment?



## Q10

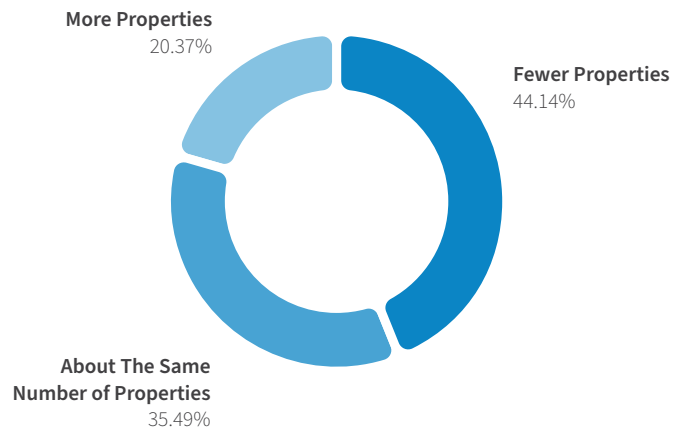
How many properties do you plan to invest in over the next 12 months?



In this iteration of the Investor Sentiment Survey, we noted that **the mix of investment types shifted for respondents** with 52% noting their primary type of residential real estate investment was fix-and-flip, 35% for buy-and-hold for rental, and just 13% wholesaling.

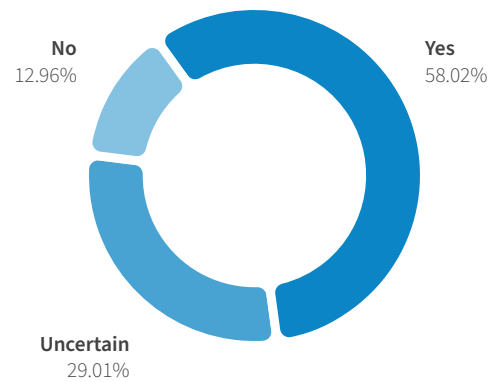
## Q11

How does this number of properties compare to the number of properties you've invested in over the past 12 months?



## Q12

Are you expecting the U.S. economy to enter a recession in 2024?



Investors noted concerns about the economy with **58% of respondents expecting the U.S. to enter a recession this year** with only 13% saying it won't.

**Flippers vs. Rental Property Investors: Differing Opinions for Differing Investment Strategies**

**On the topic of the Market Today vs. the Market Last Year:** Flippers continue to express a more positive outlook, with 73% saying it's better or much better and 11% saying it's worse. Rental property investors are much less sanguine: with only 35% saying the market is better or much better, & 36% saying it's worse. This was also reflected in response for the market sentiment in 6 months: 75% of Flippers responded it would be better or much better vs 7% responded it would be worse; 37% of rental property investors expect things to get better or much better, while 24% expect things to worsen.

**When it comes to the Biggest challenges today,** Flippers noted Financing at 77% as their top challenge, followed by competition from institutions (53%), lack of inventory (46%), competition from consumers (28%), and finally, rising prices (21%). Rental property investors responded similarly with 76% citing financing as their top challenge, followed by 53% for rising home prices, 45% for lack of inventory, 35% for competition from institutional investors, and 21% for competition from consumers.

**Investor opinions varied significantly when it came to insurance** with only 12% of flippers citing it as a major challenge today and 9% citing it as a challenge six months from now. In comparison, 20% of rental investors cited it as a major challenge today, and 25% are worried about it being a challenge in the next 6 months. Most surprisingly, 95% of flippers said insurance was a factor in their decision to buy or sell real estate, and 79% said it had cost them an opportunity versus 67% of rental property investors saying insurance was a factor in their investment decisions, and 46% saying it cost them a deal.

**When it comes to the issue of squatters,** it was a real issue for flippers with 90% of flippers citing squatters as a problem and a whopping 71% of them experiencing it personally. Rental property investors seemed less likely to see squatters as a problem, with just under 50% noting it, and only 24% having experienced it personally.

**Flippers expressed a slightly higher expectation for home prices to rise** with 88% predicting prices will rise over the next 6 months and less than 5% expect them to fall; 61% of Rental property investors expect to see prices rise, and just over 10% expect them to fall.

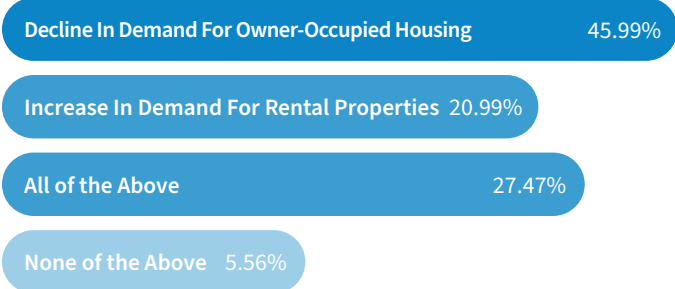
**Rental property investors seem to expect slightly less deal volume than flippers in the future** with 91% of rental property investors expecting to buy 10 or fewer (72% expect to buy 5 or fewer). The number of rental property investors expecting to buy more properties or fewer properties than last year is almost evenly split, with 27% expecting to buy fewer and 28% expecting to buy more.

**78% of flippers noted that they plan to buy 10 or fewer properties over the next 12 months** with 57% saying this is fewer than they purchased over the past 12 months while 16% say it's more.

**Flippers remained more pessimistic on the outlook of the U.S. economy** with 75% of flippers expecting the economy to enter a recession, vs. only 35% of rental property investors expecting a recession.

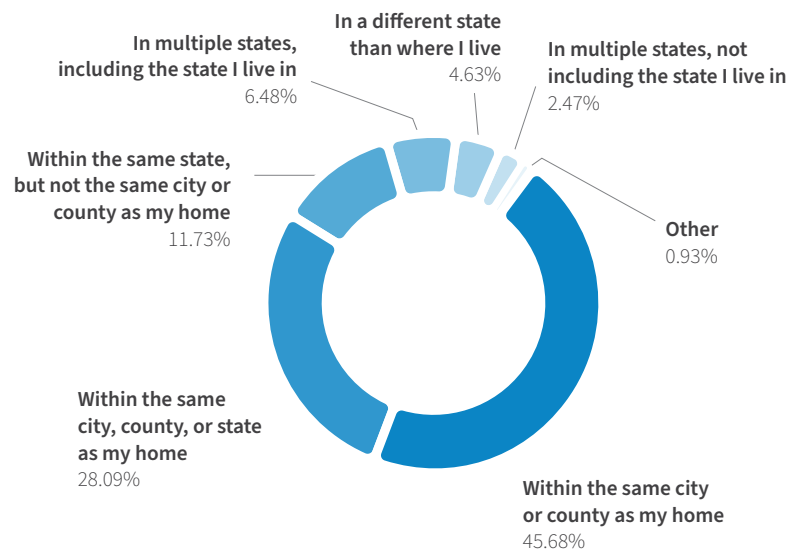
# Q13

What has been the impact of today's higher mortgage rates in your market(s)?



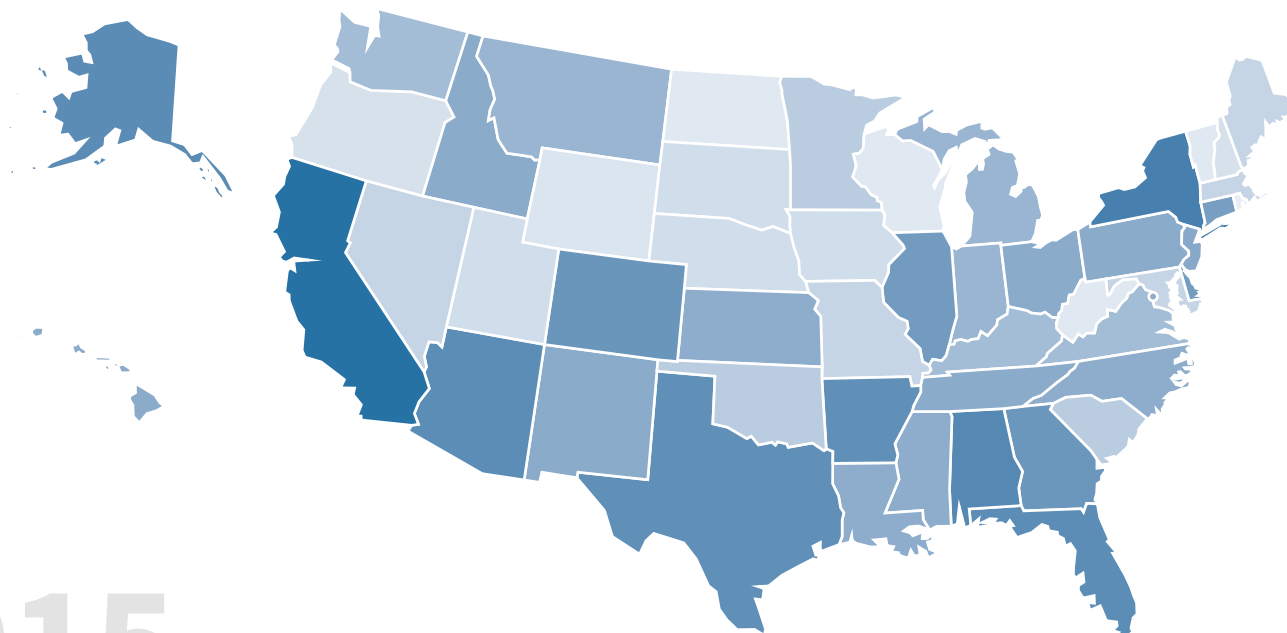
# Q14

How near or far away from your home do you do most of your investing?



Since mortgage rates increased in 2022, **94% of survey respondents say the demand for owner-occupied properties has declined and/or the demand for rental units has increased.**

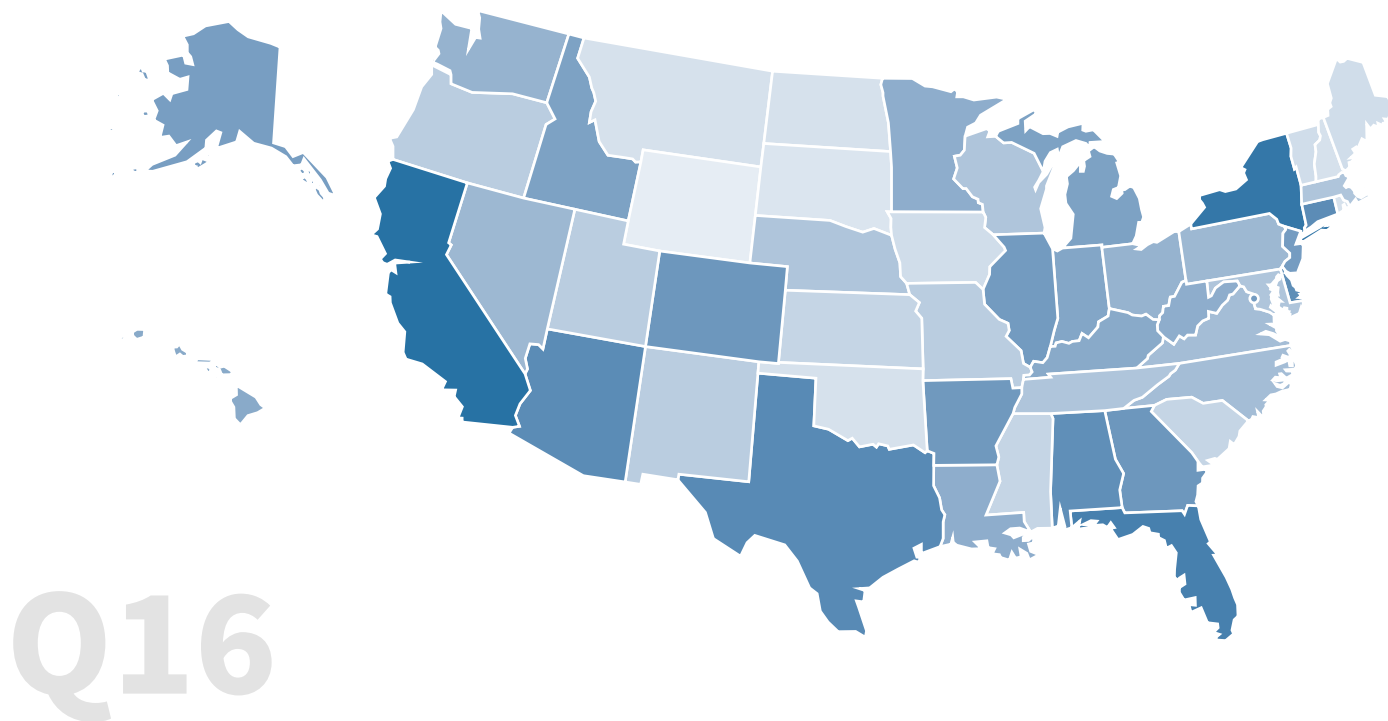
Despite a challenging market, **investors continue to buy close to home** with 86% of respondents noting they do most of their investing within their own state & 46% buying exclusively in their own city/county.



## Q15

In which state(s) do you do most of your residential real estate investing?

Alabama	15.74%	Kentucky	2.47%	North Dakota	0.62%
Alaska	12.04%	Louisiana	3.09%	Ohio	3.40%
Arizona	11.42%	Maine	1.85%	Oklahoma	2.16%
Arkansas	9.26%	Maryland	1.85%	Oregon	1.23%
California	24.07%	Massachusetts	1.85%	Pennsylvania	3.40%
Colorado	7.41%	Michigan	2.78%	Rhode Island	0.31%
Connecticut	4.94%	Minnesota	2.16%	South Carolina	2.16%
Delaware	5.56%	Mississippi	3.09%	South Dakota	1.54%
District of Columbia	3.09%	Missouri	1.85%	Tennessee	3.40%
Florida	11.42%	Montana	2.78%	Texas	9.26%
Georgia	7.10%	Nebraska	1.54%	Utah	1.54%
Hawaii	3.40%	Nevada	1.85%	Vermont	0.62%
Idaho	3.40%	New Hampshire	1.23%	Virginia	2.47%
Illinois	5.86%	New Jersey	3.70%	Washington	2.47%
Indiana	2.78%	New Mexico	3.40%	West Virginia	0.62%
Iowa	1.54%	New York	22.84%	Wisconsin	0.62%
Kansas	3.09%	North Carolina	3.09%	Wyoming	0.93%



## Q16

In which state (s) do you do plan to do most of your residential real estate investing 6-12 months from now?

Alabama	8.02%	Kentucky	4.32%	North Dakota	1.54%
Alaska	5.25%	Louisiana	4.01%	Ohio	3.70%
Arizona	9.57%	Maine	1.85%	Oklahoma	1.54%
Arkansas	6.17%	Maryland	2.78%	Oregon	2.47%
California	23.46%	Massachusetts	2.78%	Pennsylvania	3.40%
Colorado	6.48%	Michigan	4.94%	Rhode Island	1.54%
Connecticut	9.26%	Minnesota	4.01%	South Carolina	2.16%
Delaware	8.64%	Mississippi	2.16%	South Dakota	1.23%
District of Columbia	5.56%	Missouri	2.47%	Tennessee	2.78%
Florida	14.81%	Montana	1.54%	Texas	10.19%
Georgia	9.57%	Nebraska	2.78%	Utah	2.47%
Hawaii	4.32%	Nevada	3.40%	Vermont	1.85%
Idaho	4.94%	New Hampshire	1.54%	Virginia	3.09%
Illinois	5.86%	New Jersey	5.56%	Washington	3.70%
Indiana	4.63%	New Mexico	2.47%	West Virginia	4.01%
Iowa	1.85%	New York	20.37%	Wisconsin	2.78%
Kansas	2.16%	North Carolina	3.09%	Wyoming	0.62%

## State by State: Florida

**Florida rental property investors are positive about today's market:** 58% see it as better than last year with only 17% seeing it as worse. 66% expect it to continue getting better, vs 16% expecting it to worsen. Florida flippers are even more positive: 88% said today's market was better than last year, and only 12% thought it was worse. 77% expect it to continue to improve, while less than 6% expect it to worsen.

**Biggest challenges today noted by Florida rental investors** are high cost of financing (92%), rising home prices (50%), lack of inventory (42%), competition from institutions (42%) and competition from consumers (33%). Florida Rental Investors noted their future challenges as the high cost of financing (75%), competition from consumers (58%), competition from institutions (50%), along with lack of inventory (25%).

**Florida flipper challenges today were more diverse,** noting the high cost of financing (71%), competition from institutions (47%), difficulty securing a loan (47%), and rising home prices (41%), being cited most often. However, lack of inventory, falling home prices, supply chain delays, and competition from consumers were all mentioned 35% of the time. Looking forward, Florida flippers cited lack of financing (65%), competition from consumers (59%) and institutions (53%), and rising home prices (41%) most frequently. But also expect to have difficulty hiring (35%), securing a loan (29%), and lack of inventory (29%).

**Florida's rental property investors cited insurance issues as a challenge** today (33%) and in 6 months (25%). 83% of Florida Rental Investors said it was a factor in their decision-making, and 67% said it had caused them to miss out on a deal. Flippers cited insurance problems as a challenge today about 18% of the time, and only 6% expect it to be one six months from now. Despite that, 100% of Florida flippers said that insurance was a factor in their decision-making process, and 94% said insurance issues caused them to miss out on a deal.

**When it comes to squatters, it seems to be a problem for all Florida investors.** 75% of Rental property investors said squatters were an issue in their markets with 42% who experienced the problem personally and almost 77% of Florida flippers said squatters were a problem and had experienced it personally.

**Florida investors expect price increases in the coming year,** with over 58% of Rental property investors and 88% of Florida flippers expecting home prices to rise over the next year.

**Volume seems to be trending down for Florida investors** with 92% of Rental property investors planning to buy 10 or fewer properties in the next 12 months and for 42%, that's fewer properties than in the past 12 months vs just 17% saying it's more. Flippers' numbers were similar, with about 88% planning to buy 10 or fewer properties in the next 12 months. But in the case of flippers, that represents fewer properties than in the past 12 months, compared to 18% who say it's more.

When it came to Florida respondents, 50% of rental property investors expect the economy to enter a recession, while 76% of flippers do.

**Florida investors like to stay local** with 75% of rental investors and 88% of flippers doing most of their investing in the state.



## State by State: California

**Almost 63% of California flippers believe the market is better today than 12 months ago** and just under 6% feel that it's worse. 65% expect it to continue to improve, while less than 4% think it will worsen in the next 6 months. CA rental property investors see things differently though, while 62% believe today's market is better than it was a year ago, over 33% feel it's worse. Looking forward, 67% expect things to improve, while almost 29% expect things to worsen.

**California flippers overwhelmingly cite high cost of financing as their biggest challenge today (88%),** along with competition from institutions (53%), low inventory (41%), and competition from consumers (27%). They anticipate that financing will still be a problem in 6 months (84%), followed by competition from institutions (55%), inventory (43%), and competition from consumers (22%). CA rental investors also cite financing (76%) as their biggest challenge, followed by rising home prices (52%), and lack of inventory (43%). Competition from institutions (24%), consumers (24%) and insurance issues (24%) were also cited as current problems. Looking out 6 months, rental investors continue to expect financing (62%) to be their biggest challenge, followed by competition from consumers (38%) and rising home prices (38%) along with lack of inventory (33%), competition from investors (29%) and insurance issues (29%). Also, of concern (24%) were worried about falling rent prices.

**Only 8% of California flippers cite insurance issues as a major challenge today,** and even fewer (6%) see it as a problem 6 months from now. Yet 100% of them agree that insurance issues are a consideration in their investing decision-making, and almost 73% said it's cost them a deal. As noted above, rental property investors in CA cited insurance issues much more frequently as challenges today (24%) and in the future (29%). Over 90% noted that insurance issues are part of their decision-making process, and 62% noted that they've missed out on a deal because of them.

**Over 94% of California flippers note that squatting is a problem,** with almost 63% having experienced it personally. Squatting isn't quite as big a problem for rental property investors, with 62% saying it's an issue in their market, and 38% having experienced it personally.

**About 90% of CA flippers expect home prices to rise in the next 6 months,** compared to less than 4% expecting them to fall. Only 67% of rental investors expect prices to increase, while less than 5% expect them to decline.

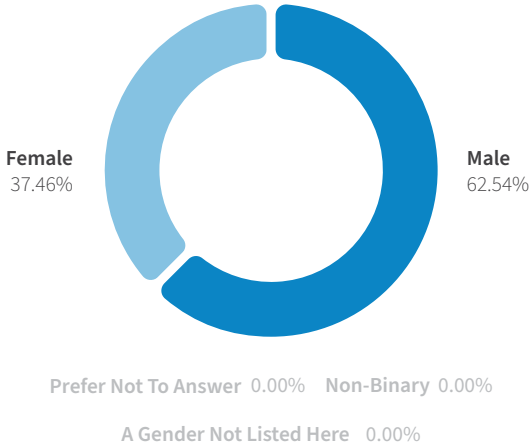
**Over 72% of flippers in CA plan to buy 10 or fewer properties in the next 12 months.** For 41% of those flippers, this is a lower number than what they bought in the last 12 months; for 24% it's more. Almost 95% of California rental investors plan to buy 10 or fewer properties this year – fewer than in the past 12 months for 19% of them, and more for 38%.

**California flippers are a bit more concerned about the economy** with 71% of flippers expecting the U.S. to enter a recession vs. 43% of rental investors.

**California investors also like to stick to what they know** with about 92% of the flippers and 95% of rental investors doing most of their investing in CA.

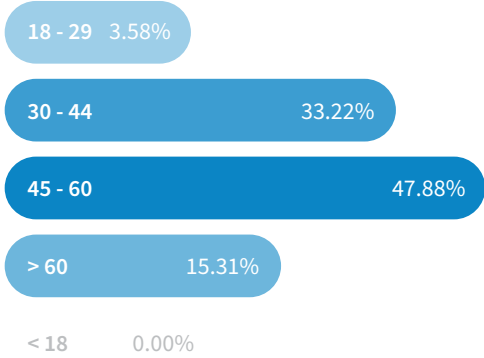
# Q17

What is your gender?



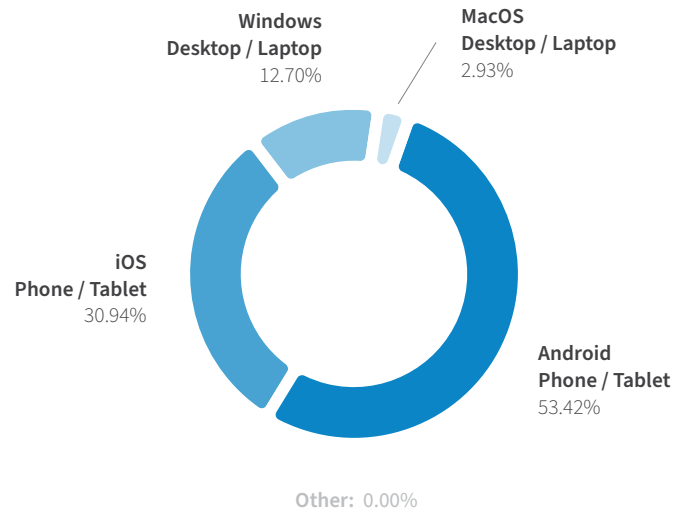
# Q18

What is your age?



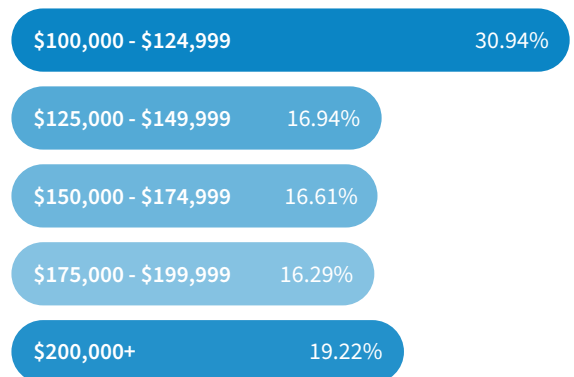
## Q19

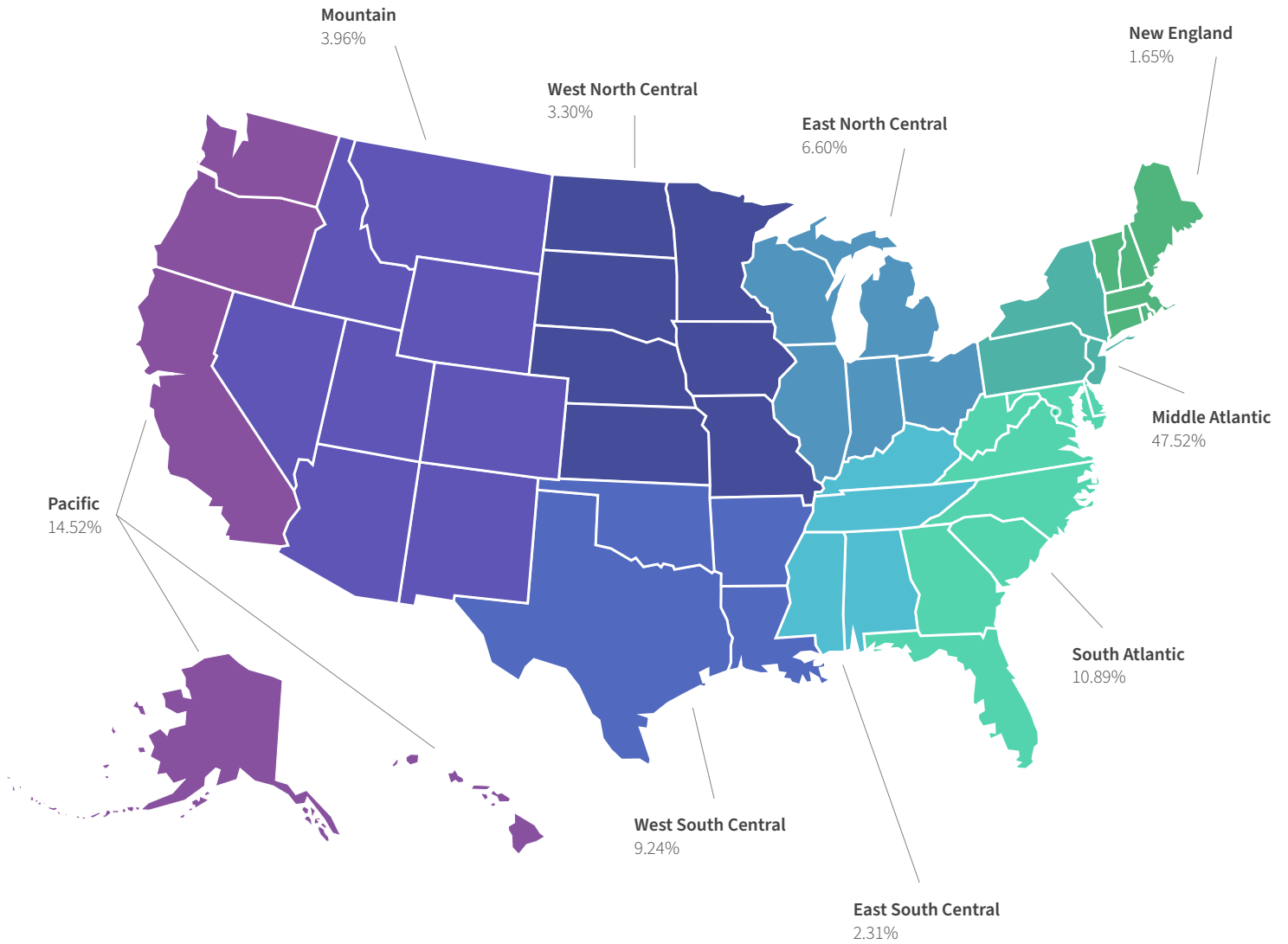
What type of device are you using?



## Q20

What is your household income?





## Q21

In which major US region do you reside?

Pacific	14.52%	West South Central	9.24%	Middle Atlantic	47.52%
Mountain	3.96%	East North Central	6.60%	South Atlantic	10.89%
West North Central	3.30%	East South Central	2.31%	New England	1.65%

